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ANNUAL REPORT 1993

The Hamilton
Harbour
Commissioners

The Hamilton Harbour Commissioners

A.U. Oakie
Chairman

P.J. Peterson
Commissioner

D.M. Beattie
Commissioner

R.R. Hennessy, P. Eng.
Port Director

CN 667086
CANADIAN RAILWAY

ANNUAL REPORT 1993

Cargo volume handled at the Port of Hamilton in 1993 totalled 12,406,118 tonnes. This represents a 3.8% decline from 1992, simply due to a decrease in raw materials imported by our waterfront industries. In contrast, overseas shipments rebounded by 28% in 1993 to 1,398,451 tonnes. Taken together, these figures are indicative of a modest increase in overall port activity for 1993, a fact that is also affirmed by a slight increase in net revenues for the year. All of this is notwithstanding the fact that the Port once again, in 1993, held the line on cargo rates, berthage fees and many other port charges. Our ongoing objective is to continue to work with harbour users to increase port business in a non-inflationary manner.

The Port's navigation season was started and finished in a fashion reflecting the industrial nature of the waterfront. The first vessel of 1993 arrived on April 1, the "Canadian Progress" carrying coal; and the last ship, the "J. W. McGiffin", departed on December 26 after discharging a load of iron ore; both cargoes being imported for processing at the waterfront steel mills. A total of 748 commercial vessels called at the Port during the season.

Generally, because of our broad and diversified business base, the harbour was more active in 1993 than in the past several seasons. The Port expended $1,511,464 on new capital works and an additional $816,396 on maintenance of existing port facilities during the year.

In May, the Commissioners let out Piers 8 and 10 to a private terminal operator, Hamilton Harbour Terminals Inc.. These facilities had been previously operated by the Commissioners.

Presently, all of the Port's commercial piers, 10 owned by the Commissioners and 4 by the steel mills, are now operated by private companies on a strictly commercial basis. This enables the Commissioners to direct increasingly greater effort into developing new facilities, creating new opportunities for jobs, and expanding economic growth on the waterfront.

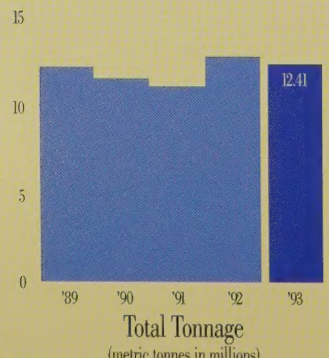
These efforts have already met with some success as the large tract of land and warehouses recently acquired at Pier 15 are now over 60% occupied by some 19 new small businesses.

The leased properties of the Commissioners, in addition to valued employment and business taxes, generated $2,160,772 in property taxes for the City of Hamilton.

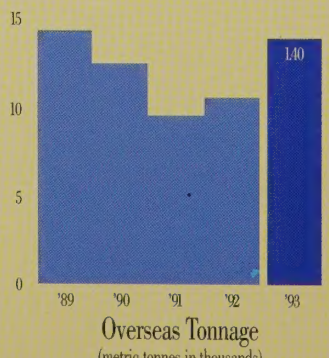
The 1993 recreational boating season on Hamilton Harbour also brought a modest upturn in activity, due in part to an improving economy, and perhaps in greater part due to a warm and dry summer.

The number of students at Harbour West Sailing Adventures declined slightly to 2,500, as community colleges cut back their

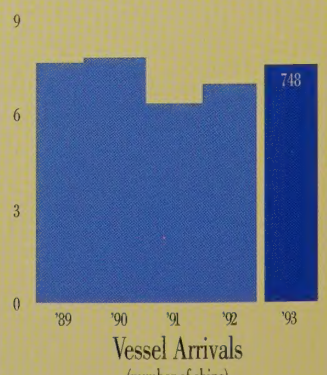
5 YEAR SUMMARY



Total Tonnage
(metric tonnes in millions)



Overseas Tonnage
(metric tonnes in thousands)



Vessel Arrivals
(number of ships)

enrollment. However, boat launches at Fisherman's Pier increased to 4,800 as better weather enticed more boaters out onto the waters of the harbour and Lake Ontario.

The summer's highlight was the opening, by the City of Hamilton, of Pier 4 and Harbourfront parks. These projects have made in excess of 50 acres of waterfront park land available to the public in the West Harbour. The Commissioners' contribution to these projects included the donation of the land for Pier 4 Park, and the construction of Hamiltonian Pier, a walking, viewing and fishing pier located adjacent to the park and our own Harbour West marina basin.

Recreational use of the harbour has been helped greatly by the much improved water quality in the Bay. The ongoing efforts of industries and municipalities to clean up their effluents have produced visible results. We also note that the arrival of the zebra mussel in the harbour has coincided with a dramatic improvement in water clarity; a case of nature helping us out. For our part, the Commissioners are the project managers for the construction of the Fish and Wildlife Restoration Project in Hamilton Harbour. Design of two major fish habitat projects at LaSalle Dock and at Pier site 30, adjacent to the Canada Centre for Inland Waters, progressed during the year. Construction is scheduled for 1994. This work is being done in tandem with Project Paradise, the ambitious restoration of Cootes Paradise by The Royal Botanical Gardens.

The Port of Hamilton Spill Control Group also was active during 1993, playing an important role in the environmental protection of the harbour. The Port also carried on its active support of the Canadian Port and Harbour Association, the American Association of Port Authorities and the Chamber of Maritime Commerce.

We would like to recognize and thank Commissioners Peter Peterson and Duncan Beattie, together with the Port's management staff and our work forces, for their excellent contribution towards the success reported in this report.

We look forward to increased public activity in the West Harbour with corresponding business opportunities in providing commercial services, further growth in our waterfront industries as we put the economic recession beyond us, and to further improvements in the water quality of the harbour as governments continue with their clean-up programs.

The outlook for Hamilton Harbour in 1994 is very promising.

A.U. (Al) Oakie
Chairman

R.R. Hennessy
Port Director

BALANCE SHEET

as at December 31, 1993

	1993 $	1992 $
Assets		
Current Assets		
Cash	640,622	110,098
Accounts receivable -		
Trade	1,310,557	1,255,351
Interest	79,875	60,418
Other	216,864	580,519
Inventories	97,874	103,536
Prepaid expenses	96,251	114,617
Current portion of promissory note receivable (Note 3)	460,000	
	2,902,043	2,224,539
Promissory Note Receivable (Note 3)	-	460,000
Investments Appropriated for Future Harbour Improvements (Note 4)	10,703,213	7,900,000
Fixed Assets (Note 5)	49,446,730	49,763,694
	63,051,986	60,348,233
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	487,354	399,664
Current portion of debentures payable (Note 6)	50,000	50,000
Current portion of long-term debt (Note 8)	43,200	-
	580,554	449,664
Debentures Payable (Note 6)	275,000	325,000
Long-Term Debt (Note 8)	111,158	-
	966,712	774,664
Equity		
General Capital	51,382,061	51,673,569
Reserve for Future Harbour Improvements (Note 4)	10,703,213	7,900,000
	62,085,274	59,573,569
	63,051,986	60,348,233

STATEMENT OF GENERAL CAPITAL

for the Year Ended December 31, 1993

General Capital - Beginning of Year	51,673,569	51,567,197
Excess of revenue over expenses for the year	2,511,705	2,256,372
	54,185,274	53,823,569
Allocation to reserve for future harbour improvements (Note 4)	(2,803,213)	(2,150,000)
General Capital - End of Year	51,382,061	51,673,569

STATEMENT OF REVENUE AND EXPENSE

For the Year Ended December 31, 1993

	1993 $	1992 $
Revenue from Operations (Note 9)	8,816,773	9,143,354
Operating Expenses	3,097,721	4,088,860
Income from Operations	5,719,052	5,054,494
Administrative, Office and General Expenses	1,968,368	1,784,248
Interest on Debentures Payable	14,953	17,007
Depreciation	1,824,944	1,555,380
Other Income	(600,918)	(558,513)
Excess of Revenue Over Expenses for the Year	2,511,705	2,256,372

AUDITORS' REPORT TO THE COMMISSIONERS

March 11, 1994

We have audited the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1993 and the statements of revenue and expense, general capital and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in our opinion, the transactions of the the Corporation that have come to our notice during our examination of the financial statements have, in all material respects, been in accordance with Section 29 of "The Hamilton Harbour Commissioners' Act".

Hamilton, Ontario
March 11,1994

Coopers & Lybrand
Chartered Accountants

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended December 31, 1993

	1993 $	1992 $
Operating Activities		
Excess of revenue over expenses for the year	2,511,705	2,256,372
Items not affecting cash -		
Depreciation	1,824,944	1,555,380
(Gain) loss on disposal of fixed assets	(10,116)	596
	4,326,533	3,812,348
(Increase) decrease in non-cash working capital items related to operations	400,710	(864,452)
Cash Provided By Operating Activities	4,727,243	2,947,896
Investing Activities		
Purchase of fixed assets	(1,511,464)	(1,043,095)
Proceeds on disposal of fixed assets	13,600	-
Increase in investments appropriated for future Harbour improvements	(2,803,213)	(2,150,000)
Cash Used In Investing Activities	(4,301,077)	(3,193,095)
Financing Activities		
Repayment of debentures payable	(50,000)	(50,000)
Increase in long-term debt	154,358	-
Cash Used In Financing Activities	104,358	(50,000)
Net Increase (Decrease) in Cash	530,524	(295,199)
Cash - Beginning of Year	110,098	405,297
Cash - End of Year	640,622	110,098

For the Year Ended December 31, 1993

1. The Hamilton Harbour Commissioners' Act

The Hamilton Harbour Commissioners ("the Commissioners") is a corporation established and operated pursuant to The Hamilton Harbour Commissioners Act, 2 George V c.98, 1912. The Commissioners mandate is to govern and develop the harbour of Hamilton for the purposes of the Act and to provide a harbour with full facilities for the transportation industry.

2. Significant Accounting Policies

(a) Fixed assets

Fixed assets are recorded at acquisition cost. Depreciation is provided on a straight-line basis at rates designed to amortize the cost over the useful lives of the assets as follows:

Docks and improvements	2 - 20%
Buildings	2 1/2 - 20%
Equipment and vessels	10 - 20%

(b) Capital development in process

The Commissioners include all costs to develop an asset in the capital development in process category until the project is substantially complete. At that time, the asset is transferred to fixed assets and depreciation is taken according to established policy.

(c) Inventories

Inventories are recorded at the lower of cost, determined on a first-in, first-out, basis and replacement cost.

(d) Government grants

Government grants are recorded when receivable as an increase in general capital.

3. Promissory Note Receivable

The demand note bears interest at 9%, payable monthly, and is due April 1, 1994. It is secured by a first charge against specific crane equipment.

4. Reserve for Future Harbour Improvements

During the year, the Commissioners transferred $2,803,213 to the reserve for future harbour improvements. The balance in the reserve, amounting to $10,703,213, is set aside for future capital expenditures. The reserve funds are invested in short-term deposits.

In 1993, the Commissioners approved a five year capital budget in the aggregate amount of $32,970,000.

5. Fixed Assets

	1993			1992
	Cost	Accumulated Depreciation	Net	Net
	$	$	$	$
Land	14,240,443	-	14,240,443	13,698,319
Docks and harbour improvements	36,973,613	14,262,748	22,710,865	17,674,301
Buildings	12,418,717	8,045,782	4,372,935	4,316,382
Equipment and vessels	5,841,086	5,203,315	637,771	792,560
Capital development in progress	7,484,716	-	7,484,716	13,282,132
	76,958,575	27,511,845	49,446,730	49,763,694

6. Debentures Payable

4 1/8% Government of Canada debentures payable, to be repaid before the year 2005	325,000	375,000
Less: Current portion	50,000	50,000
	275,000	325,000

7. Pension Plans

The corporation has non-contributory defined benefit pension plans for salaried employees and C.U.P.E. Local 958 members. Pension costs are computed on the projected benefit method based on an average expected remaining service life of the employee groups of 14 years for salaried employees and 20 years for C.U.P.E. Local 958 members.

The status of the plans, based on year end estimates provided by the corporation's actuary, are as follows:

	Salaried Employee Plan	C.U.P.E. Employee Plan
Pension fund assets - at market value	4,445,222	415,974
Projected benefit obligation	3,888,405	243,624

The excess of pension fund assets over the projected benefit obligation of the plans is expected to be utilized to fund current service contributions and/or enhance future pension benefits.

8. Long-Term Debt

In 1988, four government agencies and The Hamilton Harbour Commissioners commenced the rehabilitation of Windermere Basin. The proposed budget for the project was $4.5 million with a provision for proportionate sharing of cost overruns. Upon completion of the project in 1993, there remained outstanding liabilities in the amount of $190,358.

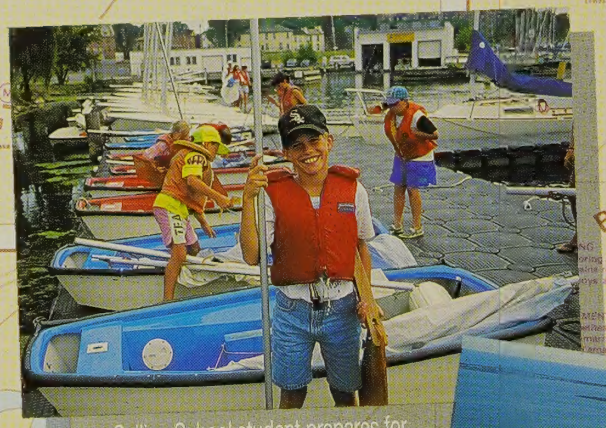
Two of the agencies declined to participate in the elimination of the outstanding debt. As a result, The Hamilton Harbour Commissioners has assumed responsibility for payment of the proportionate share of the debt assessed against the non-participating agencies. The balance outstanding at December 31, 1993 is to be paid by installments over approximately 3.5 years and is as follows:

Balance outstanding	154,358
Less: Current portion	(43,200)
	111,158

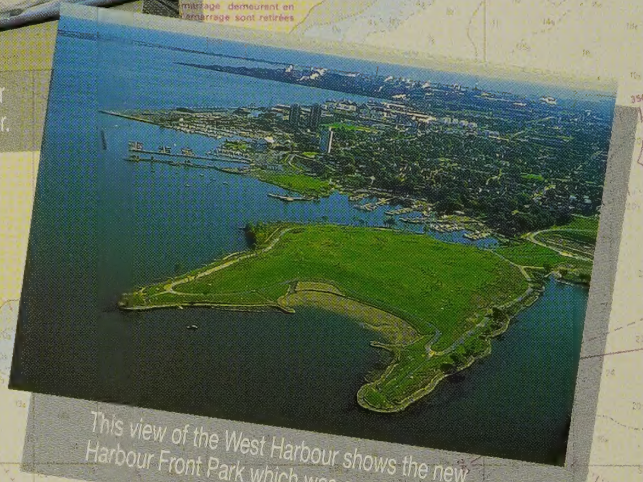
9. Revenue from Operations

In May, the Commissioners entered into a lease agreement with respect to the operation of their main terminal. The resulting rental revenue is included in piers and property revenue. Revenue earned prior to establishing this lease is included in terminals revenue.

THE PORT OF HAMILTON, CANADA



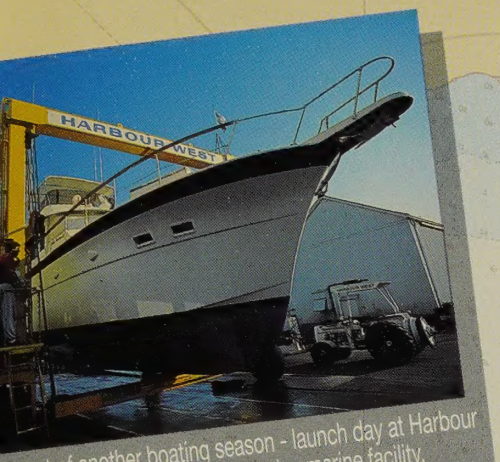
Sailing School student prepares for another enjoyable day on the water.



This view of the West Harbour shows the new Harbour Front Park which was completed in 1993.

Where everything comes together

Considered the finest natural harbour on the Great Lakes, Hamilton Harbour has great geographical advantages. Located at the western tip of Lake Ontario, between the cities of Hamilton and Burlington, the Harbour is strategically positioned for convenient access to Canada's industrial heartland as well as major markets in the United States.



e start of another boating season - launch day at Harbour
est Marine Dockyard, our full service marine facility.

During the 1993 shipping season 748 ships called at the Port of Hamilton.

Overseas cargos totalled 1.4 million metric tonnes in 1993.

The Port of Hamilton is the heavy lift centre for Southern Ontario manufacturers.

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The Hamilton Harbour Commissioners

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